



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

Credit and Its Uses. By WILLIAM A. PRENDERGAST. New York: D. Appleton & Co., 1906. 8vo, pp. xii+361.

This book treats briefly of the theory of credit, urging that, besides the tangible element of property, the intangible element of good faith, or confidence, is fundamental. Thus he holds strongly that credit is chiefly dependent on these intangible elements. In this matter, however, it is a question whether the author has not confused the definition and nature of credit with the reasons for granting credit.

Also, the writer distinguishes between credit and the credit system. In the main, he follows the eccentric Mr. McLeod; but what is really meant by a "system of credit" is not very clearly expressed—probably he has in mind the idea conveyed by forms of credit. If credit were regarded as based on goods, much of the confusion would disappear. Thus the author is easily led to define credit as "a creator of purchasing power," and seems to follow Mr. Mill's position on its relation to prices. In this theoretical discussion the writer does not appear to the best advantage, and he contributes no light.

The better parts of this work are to be found in the treatment on "Credit Departments," "Sources of Credit Information," and "Credit-Office Administration." Here the book is of real value to the many persons who in these days are obliged to prepare themselves for the work of credit men in great commercial houses. The account of methods is accompanied by a considerable number of forms for use in business of this nature. Such a compendium must be very useful, since there are few such books in existence due to the fact that the differentiation of the credit man's profession is a recent evolution of division of labor. Whatever the value to be assigned to his treatment of the academic side of credit, the book must really be estimated by the useful compilation he has made of material bearing on the practical side of the question.

L.

Railroad Rate Control. By HARRISON STANDISH SMALLEY. New York: The Macmillan Co., 1906. 8vo, pp. v+147.

One of the best studies that the American Economic Association has published is Dr Smalley's *Railroad Rate Control*. In this he sets forth fully and clearly the doctrine of judicial review. First

the decisions in the granger cases are examined. There the court held the power of the legislature to be complete and exclusive, subject to no restraint by the courts. In the *Munn* case Chief Justice Waite used these words:

It is insisted, however, that the owner of property is entitled to a reasonable compensation for its use, even though it be clothed with a public interest, and what is reasonable is a judicial and not a legislative question. As has been shown, the practice has been otherwise. . . . We know that this is a power which may be abused; but that is no argument against its existence. For protection against abuse by legislators, the people must resort to the polls, not to the courts. Of the propriety of legislative interference within the scope of the legislative power, the legislature is the exclusive judge.

The law thus explicitly stated held for unqualified acceptance for nine years. Then, by gradual modifications, the position of the court was changed, until in 1890 the court had entirely reversed its first position on this point and held that the courts have full power to review the action of the legislature or the commission to which the power of fixing rates has been delegated. During the past fifteen years all the decisions have tended to strengthen this position, until the supremacy of the courts seems to be firmly established.

The clear insight of the author is shown in his analysis of the results that have followed the establishment of the doctrine of judicial review. The courts are held to be naturally and necessarily conservative. They approach the problems from the individualistic point of view. The ground on which they have attempted to determine the reasonableness of rates is shown to give all the advantage to the railways and to be hopelessly faulty. The conclusion reached by Dr. Smalley is that no efficient control of the railways in the public interest can be expected from the courts.

By denying the power of the commissions, however, the courts have prevented the development of any controlling power fitted to work out a wise policy. No commission whose acts are subject to review and reversal is likely to attract men of the ability, training, and integrity required to replace the chaotic, individualistic régime with a well-organized system that will give due regard to all interests concerned. A commission without power to reduce rates, or without power to enforce rates it makes, will attract only weak men or corporation tools. The inefficiency of existing commissions

may be largely attributed to the unwise action of the courts in usurping legislative power.

The author seems to find no ground to hope for another reversal of its position by the Supreme Court and a return to the sound position first taken on this question. He therefore suggests, as a practical remedy for the difficulty, that the rates ordered by the commission shall be applied at once, and, after one year's trial, if the road affected can prove that the rates made by the commission have taken its property for the public without due process of law, whatever loss it can prove shall be paid out of the public treasury. This would obviously be an improvement on existing conditions, but it is only a partial measure, and it is doubtful if it can be secured much more easily than the reversal of the doctrine of judicial review.

Although treating only one phase of the railway problem, the author shows his grasp of the fundamental principles underlying the whole problem in the closing paragraph, in which he says:

Industrial well-being can never be a reality so long as railroads are operated on the commercial principle of private advantage; nor is it attainable under our present conglomerate system where the principle still controls, though modified in some particulars. It can be achieved only when the realization that the railroad industry is a public business of fundamental importance to society, shall lead to the definite adoption of the principle of public utility as the guiding and controlling influence in railroad management.

WILLIAM HILL

UNIVERSITY OF CHICAGO

Essays on Economics. By H. STANLEY JEVONS. London: Macmillan, 1905. 8vo, pp. xi+280.

The character of this treatise is perhaps best indicated in the author's own words:

Finding that it would be impossible to publish a consecutive treatise including the whole field covered by my lectures without a delay of perhaps four or five years, I determined to write as much as I could in the short time at my disposal, and to put it in the less coherent form of essays. (Preface, p. v.)

The books to which I feel myself chiefly indebted are Pantaleoni's *Pure Economics*, a little book on *Wages* by H. M. Thompson which puts forward advanced and sound views on rent and production, and my father's works. (Preface, p. vii.)